Daily Digest - Regulatory Outlook - Day one

Welcome Remarks - Mark Austen:

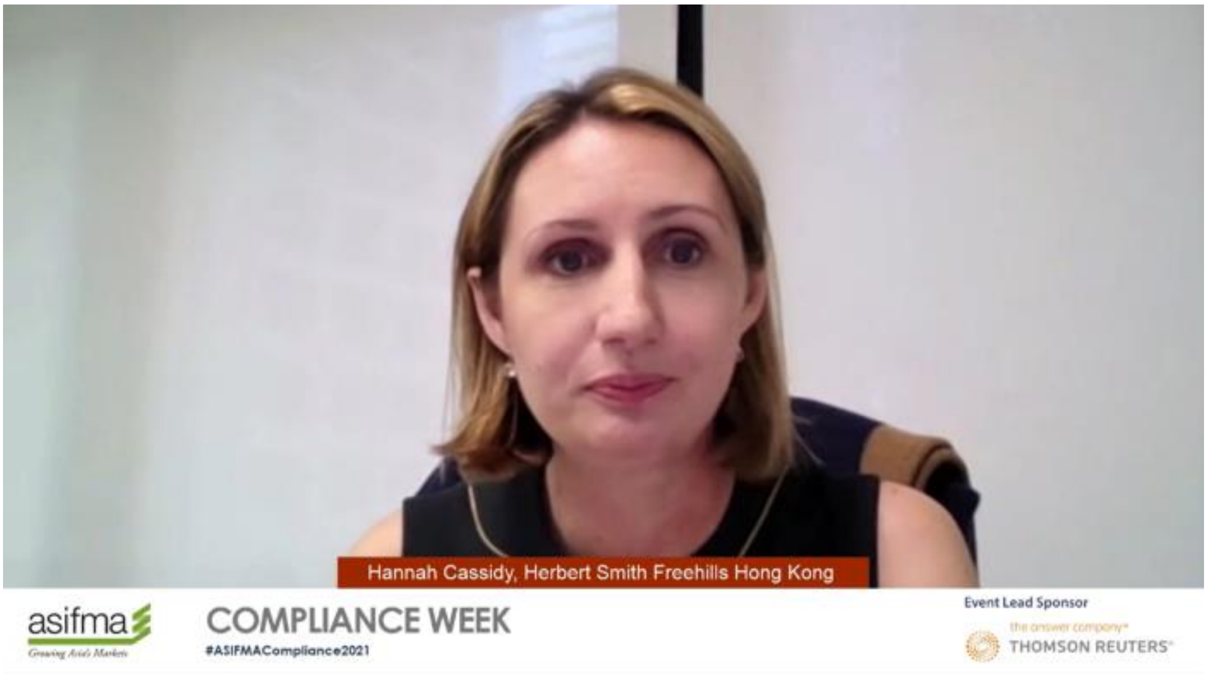
We were thrilled to kick off our flagship Compliance Week for 2021. Our speakers and panelists explored topics around the regulatory outlook.

Mark Austen, CEO, **ASIFMA** "We have four days of exciting and cutting edge topics in relation to compliance. This event is a continuation of the successful first edition of our 2019 Compliance & Legal Conference that took place in May 2019. Due to COVID-19 our plans for 2020 were cancelled but we're pleased to have revived this in 2021 as a virtual event platform. This flagship event in Asia for compliance is designed by the industry for the industry. With over 1600+ people registered for this event we look forward to seeing the dialogue across the week."

If you missed today's event, please read through the summary below.

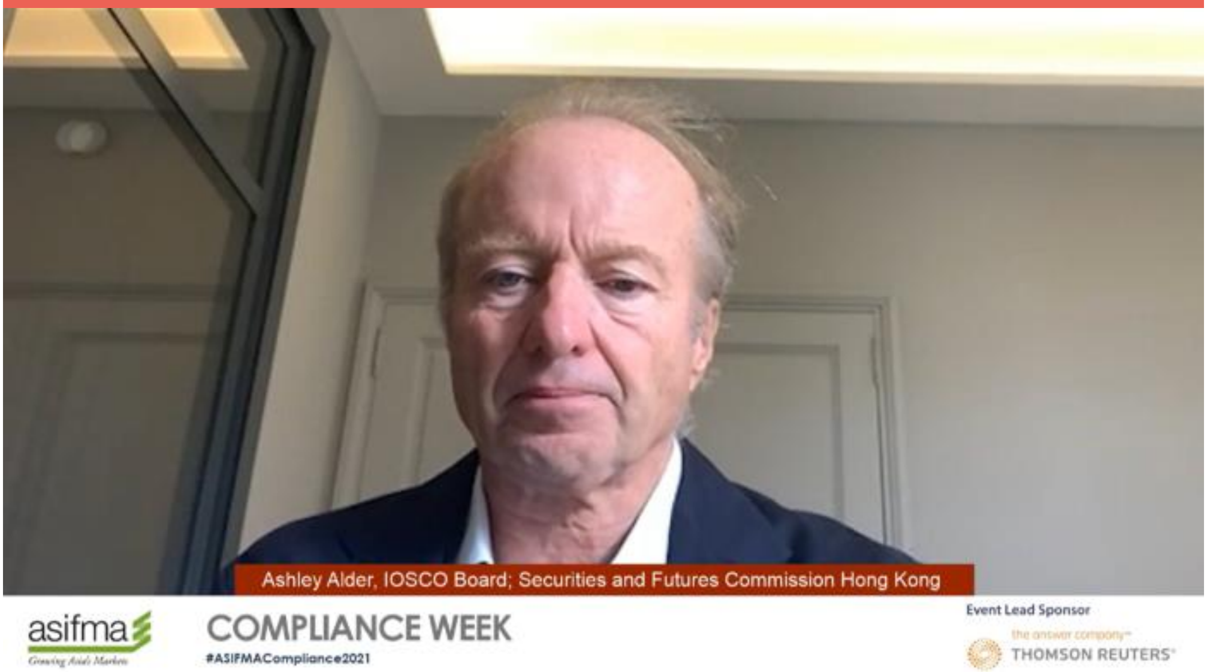
We would like to thank our event lead sponsor Thomson Reuters for their efforts promoting and supporting Compliance Week 2021. We look forward to Day 2: Culture and accountability tomorrow 14:00 **(GMT+8)**.

Opening Remarks - Hannah Cassidy



Hannah Cassidy, Partner, Head of Financial Services Regulatory, Asia, Herbert Smith Freehills Hong Kong thanked everyone for attending ASIFMA's Compliance Week. She followed by expressing her gratitude for being able to sponsor Compliance Week with Herbert Smith Freehills. Herbert Smith Freehills published a report on the regulatory outlook discussing purposeful culture, tackling ESG standards, integrity, and the countdown for LIBOR transition. As the year has progressed, operational resilience has been elevated to the top of the regulatory agenda, to an extent not predicted by many firms. Cassidy concluded by expressing her excitement for the upcoming panels.

Keynote - Ashley Alder



Ashley Alder, IOSCO Board Chair and Chief Executive Officer, Securities and Futures Commission, Hong Kong focused on two key topics for his keynote:

Firstly, the COVID-19 crisis demonstrated the deep and complex interconnectedness between the capital markets and the wider financial system as well as potential structural and regulatory vulnerabilities in the activities of non-bank financial institutions (NBFIs).

The unexpected demand for liquidity in March 2020 amidst the "dash for cash" created considerable strains across core funding markets, and especially in short-term markets, which placed investment funds in the spotlight and an unprecedented level of central bank intervention to address the crisis.

Financial stability risks arising from NBFIs is one of IOSCO's key priorities in its current work plan. They are working with the FSB on a number of policy areas, including the resilience of money market funds, liquidity risk management for open-ended funds, leverage in investment funds and the provision of liquidity in corporate bond markets.

Alder went on to talk about the recent massive uptake of climate finance, with our attention now on the upcoming coming UNFCCC COP26. IOSCO has been developing three reports focused on sustainability:

1. Sustainability-related issuer disclosures
2. Sustainability-related disclosures for Asset Managers
3. ESG ratings and data providers

There is a possibility of a global reporting standard for climate be endorsed by IOSCO, adopted and on the road to enforcement by regulators soon. Building on the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD), represents a step change that can be seen as the first very significant global convergence.

Alder concluded that it's clear the climate crisis and pandemic have triggered a big change in global agenda, this will have an impact in years to come.

Fireside Chat - Hester M. Peirce

Mark Austen hosted **Hester M. Peirce, Commissioner, U.S. Securities and Exchange Commission,** in a Fireside Chat, which set the tone for ASIFMA's Compliance Week with discussions on SPACS, Chinese Securities, Crypto, ESG, pump and dump, and Payment For Order Flow. SPACS have offered retail investors access to the growth of companies in their early stages. However, Peirce expressed her concerns over the complexity of SPACS in terms of investor protection and the importance to encourage people to conduct their own due diligence. Similar sentiment was shared with pump and dump concerns, and how there are difficulties monitoring fraudulent behavior.

With the addition of Chair Gensler, the SEC have begun to focus more on crypto and the potential benefits it has to offer. Clear guidance and expectations must be set to ensure the safe adoption of crypto, and this is something the SEC is looking at closely. Lastly, strong concerns over ESG taxonomy were discussed. More specifically the concerns over the adoption of taxonomy. There is a fear that directed capital may not accurately predict where big innovation is coming from, which may have counterproductive measures.

Panel 1 - Regulators' Perspective: Looking Back and Looking Ahead

Panel 1 provided an overview from regulators' perspective looking back as well as an insight into their thoughts for the upcoming year. The session began with an interactive poll on the top priority for securities regulators in 2022. *Digital assets, innovation and fintech* came out on top followed closely by *cyber & operation resilience*. This was no surprise to our speakers who emphasized digital innovation as a big trend even prior to COVID-19.

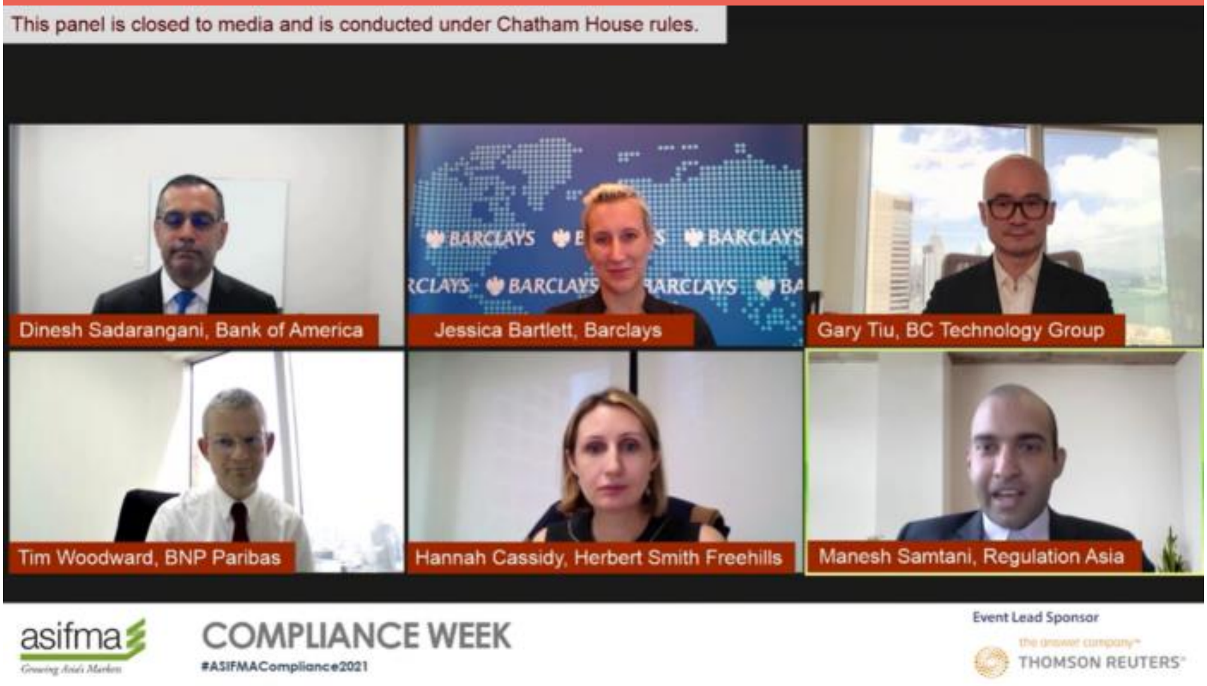
The panellists talked about the evolving digital space in their respective jurisdictions. With an increase in younger investors and 'millennials' taking on virtual assets such crypto, celebrity endorsements etc, regulators are being required to adapt and ensure there is a balance when it comes to innovation within the market along with investor protection. There was a lot of emphasis placed on a need to educate investors especially as financial institutions partner with non-financial parties to integrate services and operations as they grow.

These challenges continued to be present through to discussions on cyber & operation resilience. Regulators talked about the rise of 'stock scams' through social media and the positive impact of collaboration with high profile enforcement to combat and tackle this growing issue. Some justifications have focussed attention on SupTech measures, setting up flexible boundaries and relaxation of some regulations in the sandbox to allow companies to develop and grow with the expectation that they will be fully compliant when they go live.

A positive outcome from the volatile year has been cooperation among regulators across the APAC region. We are now seeing stronger ties between regulators with an increase of exchange of information and issues. Regulators are working hard to be adaptive and flexible to enable economies to take advantage of the move towards a digital economy while also taking action to crackdown on noncompliance.

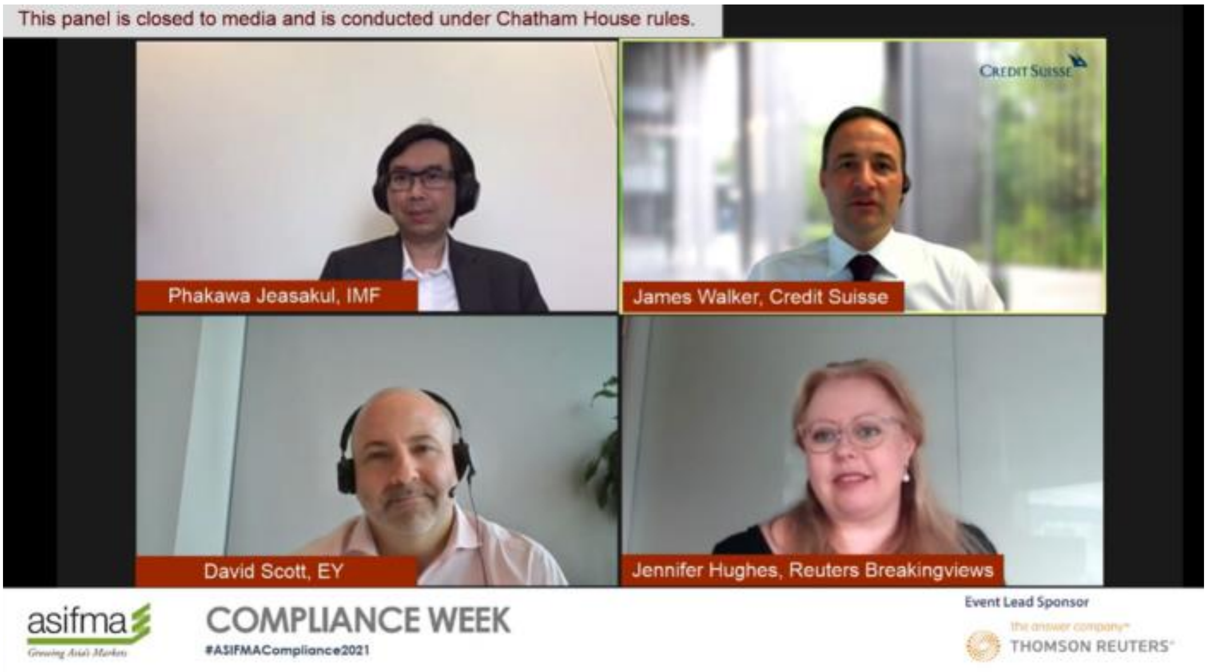
Topics such as Environmental, Social and Governance (ESG) issues are also at the forefront of regulators' agenda. Collaboration among public-private partnerships and government strategy will need close attention in the months to come for progress to be made here.

Panel 2 - Financial Regulatory Trends Globally and Asia



Panel 2 focused on major financial regulatory trends. The panel began focusing on the changing regulatory landscape over the last year. They discussed how there are still many remaining pieces related to the global financial crisis which are ongoing themes in regulation. Other themes that were discussed were operational resilience specifically surrounding COVID-19, anti-money laundering, regulatory fragmentation regarding the digital asset sector, the need for transparency, ESG, and conduct risk. Events like the Colonial Pipeline ransomware attack highlighted the importance for many of these topic areas, but also demonstrated the ability to recover ransomware due to the transparency of the digital asset sector. More consistency was called for in terms of ESG standards and labelling. With the increasing popularity of green bonds, the accurate classification of ESG standards is important for the direction of capital.

Panel 3 - COVID-19: The Evolving Impact on Markets and Business Operations



Panel 3 discussed how COVID-19 has affected the markets and the impact it is has had on business continuity planning. Market surveys have shown that the industry has fared well from a resilience perspective especially to the pressures and shifts in the workforce. The challenges organizations are facing consists of resilience itself – from cybersecurity of 3rd party risk management to risk constraints and controls. We have seen management of firms change their priorities when it comes to risk for instance less travel, family, working environment are now at the top of the agenda. These qualitative risks are part of a grey area in that they touch upon topics of ethics, reputation, culture and conduct. They present an opportunity for the industry to 'not waste a good crisis'.

From an economic perspective we have seen disruption to 'smaller players' – especially low-income earners and jurisdictions. On the other hand, many have thrived through finding methods to transform and digitize their operations. Although globally we've been going through the same thing, in Asia, where local and regional businesses often operate in far more countries with very different systems, have seen a big impact on peoples' businesses and operations.

Communication is key to keep people motivated during this difficult time. With working remotely being the new norm, it is imperative that managers check in regularly with colleagues who may be feeling drained and tired as a result of accumulated annual leave, difficulties in finding a work life balance and so on. Firms need to adopt measures to tackle the root cause difficulties people are facing with new working arrangements, this requires speaking up and challenging measure in place to ensure that the impact of policies and procedures will benefit the people.

Daily Digest - Culture and Accountability - Day Two

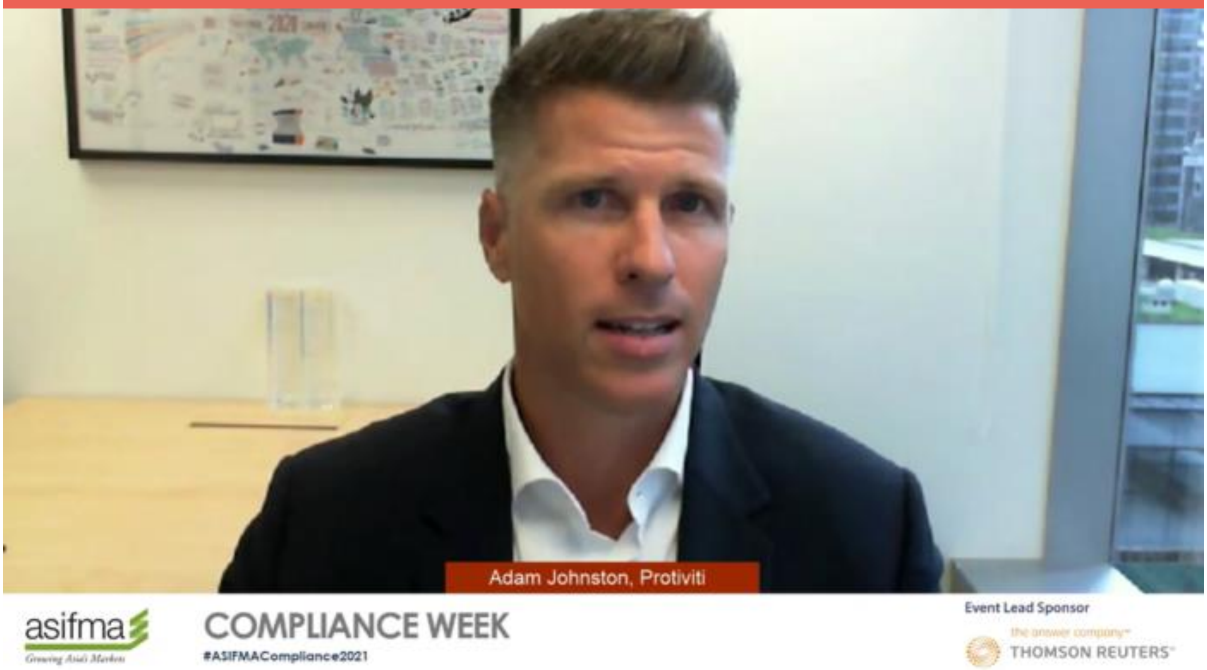
Welcome Remarks:

Day 2 of Compliance Week focused on Culture and Accountability. We hosted industry experts to share their insights on regulatory enforcement trends, conduct, culture, and accountability regime as well as market abuse.

We would like to thank our event lead sponsor Thomson Reuters for their efforts promoting and supporting Compliance Week 2021.

Day 3: Looking into the Future is not to be missed! We look forward to seeing you all there at 14:00 **(GMT+8)** on Thursday, September 9.

Opening Remarks - Adam Johnston



Adam Johnston kicked off day 2 of ASIFMA Compliance Week by welcoming everyone to the day themed ‘Culture and Accountability’. Johnston highlighted the top priorities discussed yesterday such as ESG, operational resilience and COVID-19's effects on the financial markets just to name a few.

A recently published survey ‘SOX Compliance and the Promise of Technology and Automation’ by Protiviti was introduced, which can be found on their website protiviti.com. Johnston expressed his proudness to continue Protiviti’s partnership with ASIFMA and continues the aim of connecting the compliance community with professionals.

Keynote - Arthur Yuen

Arthur Yuen, Deputy Chief Executive, Hong Kong Monetary Authority shared how the impact of COVID-19 has led to a large uptake of digital banking. In the last 18 months, the number of business application products has grown significantly with at least 40% of these applications coming from mobile devices. Digital applications are now the new norm for the industry. Firms must ensure to keep operation resilience at the top of their agenda. Yuen highlighted notable impacts from supervisory dialogues. The pandemic disruptions have meant there has been a lack of interaction internally especially with remote working which may have impacted building common cultures practices. Banks need to cascade “tone from the top” down to “echoes from the bottom” to ensure desired culture through effective and continual communications and training. Conventional mechanisms of robust controls are now being challenged. Stress testing is now a critical element of risk management for banks and a core tool for quality control given the change in communication and interactions between staff, customers, and banks.

Yuen shared that while considerable efforts have been made globally by banking supervisors and senior management of banks in enhancing governance and risk management framework in recent years, it is increasingly recognized that much more needs to be done to promote a sound culture at all levels of banks. While there is no one size fits all approach to foster an effective sound culture it is recommended firms adopt holistic effective frameworks with three pillars: 1) Governance, 2) Incentive systems and 3) Assessment and feedback mechanisms.

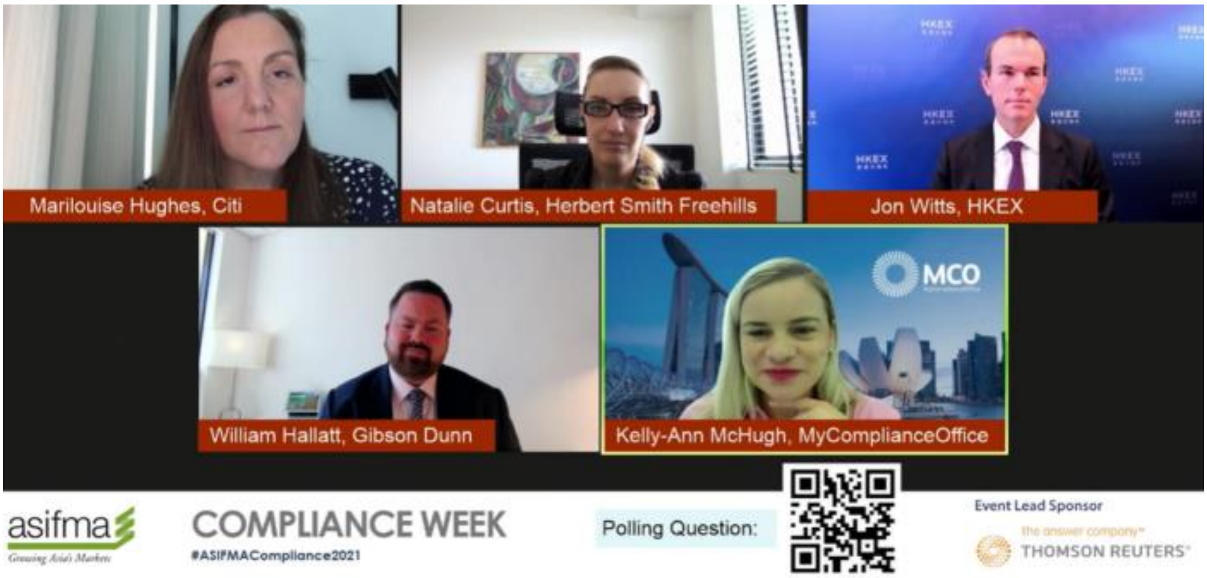
Fireside Chat - Enforcement Trends

The fireside chat begun by discussing how COVID-19 has impacted enforcement trends. We have seen a significant increase in retail investor participation over the course of the pandemic, with retail account openings over 400% normal levels. The growth is encouraging however, with it comes an increase in problems associated with speculation, market manipulation, and frauds, which has concerning implications over market integrity.

Regulators have been working to confront the issues that have risen. Frauds are one of the biggest problems and a key focus in enforcement trends. There was agreement that scams have been difficult to track and prevent due to the foreign location of the perpetrators and websites. Therefore, a key driver in the prevention of these scams lies in the education of market participants.

Guidelines on individual accountability and conduct were issued by MAS last September and clearly states that senior managers are responsible for the conduct of businesses and its employees, which encourages the correct ethos and culture within financial institutions.

Panel 1 - Conduct, Culture and Accountability Regime: Coordination across Different Countries

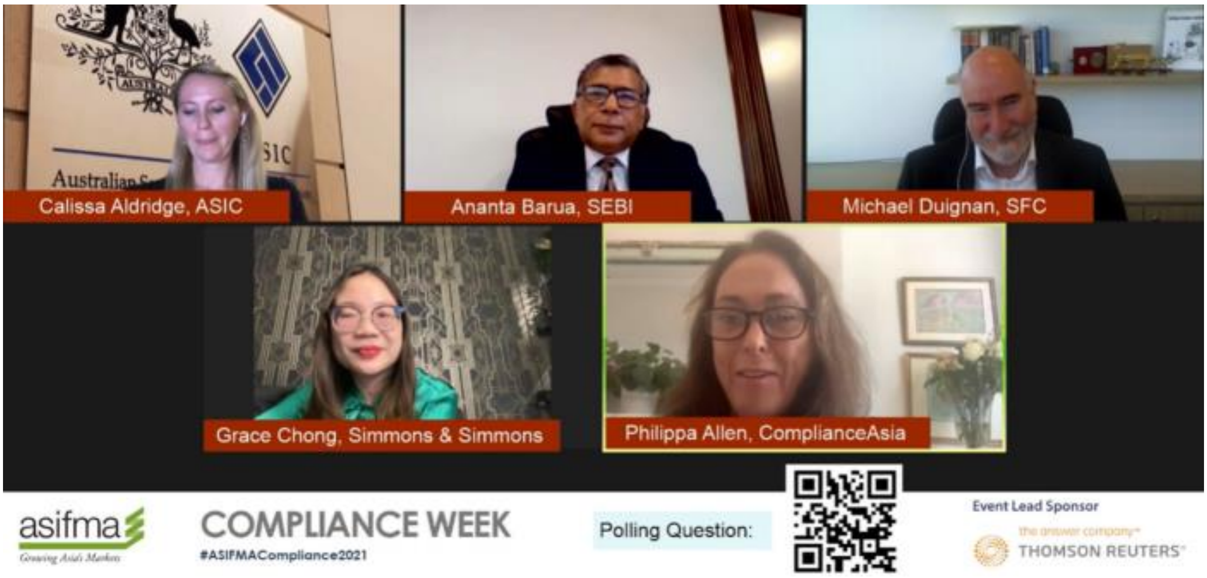


Panelists provided a background of recent accountability regimes and shared an overview of how these regimes have improved. Through a poll, attendees where asked 'How mature is your organizations approach to culture & accountability?'. Results showed that most attendees have an approach in place but it needs further work, followed closely by those who feel they have a robust and embedded approach. The concept of 'conduct, culture, and accountability regime' is not new – its ever continuing.

Speakers echoed that there isn't an impetuous for harmonization at a global level because there isn't a one size fits all approach, rather this is a journey where firms need to continually review, measure, and assess to avoid complacency which is a big risk for all organizations.

Panelists went on to discuss some practical ways to implement the various regulatory regimes such as reviewing and assessing the effectiveness of incentive systems, looking at the impact on individuals and understanding the feedback loop from external clients. Companies can have the right culture but often the wrong infrastructure.

Panel 2 - Market Abuse



Panel 2 started off with a polling question about the main concerns of an in-house compliance person about market abuse. After this, ramp and dump activity was raised. This is manipulative behaviour which has been increasing recently, partly due to the significant increase in retail investing. ASIC have been working with market operators and brokers, as well as running a project to target momentum ignition. These developments are designed to identify and prevent such manipulative behaviour.

With the Indian markets consisting of multiple exchanges, there is a higher level of complexity which is associated with its own set of issues. Synchronised trades, cross deals, and orderbook manipulations are all issues associated with the complex nature of the Indian markets which are being tackled by SEBI.

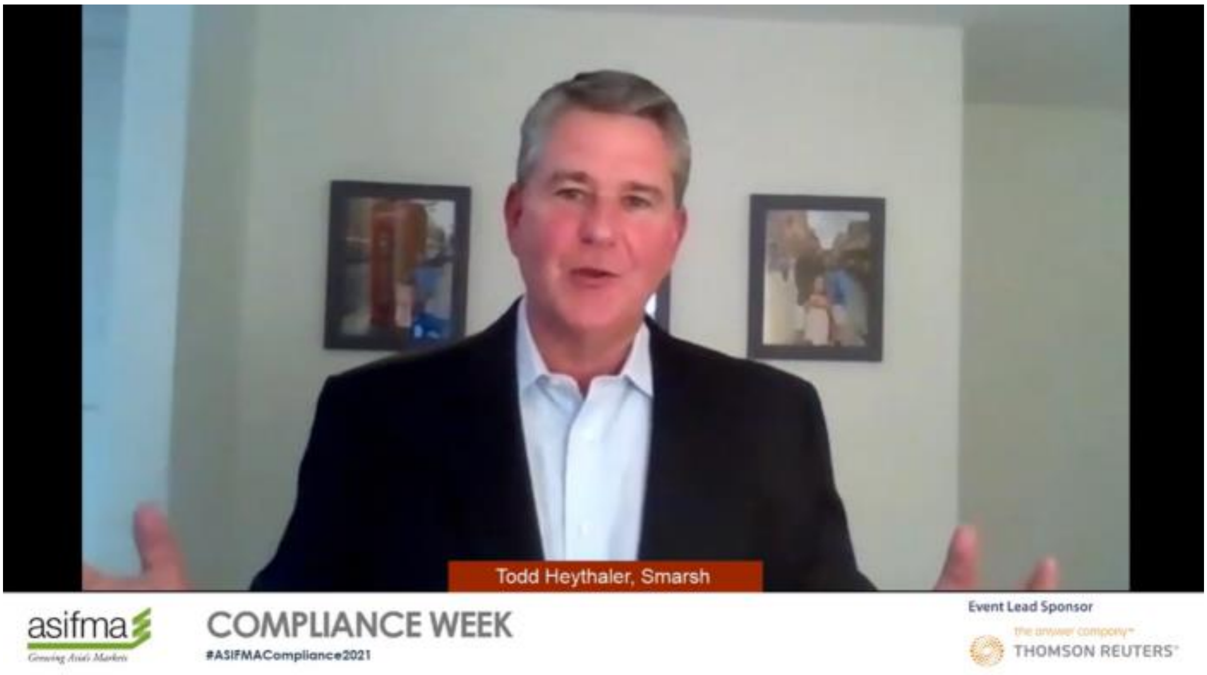
Trap ads are becoming an area of concern as an increase in retail investing has taken place. There has been evidence of the Kruger effect taking place, where individuals of low ability overestimate their abilities, and these individuals are the most prone to trap ads. The SFC ran advertising campaigns to understand the trap ads, by monitoring clicks onto an advertisement placed to entice retail investors. Clickers were notified that clicking on such ads are how they are scammed. Educating retail investors was identified as the best way to counter these trap ads.

Closing Keynote - Biba Homsy

Day two closed with a keynote speech from **Biba Homsy, Board Member, Bank Quilvest Switzerland and Regulatory and Crypto Lawyer; Former Head of International Cooperation, FINMA; Former Chief Compliance Officer, Credit Suisse Europe**. Regulators often only see one side of the story when it comes to issues such as market abuse, they don't see how the challenges are dealt with by compliance officers at a detailed level. Homsy shared what it means to be involved from a supervisory and enforcement perspective to working on the ground and being responsible on behalf of a business. The key persons are those on the front line, they are dealing with the data, clients, managing relationships, enabling employers to have profitability. Homsy went on further to emphasize that it is important to assimilate all regulatory flows. The focus should not be on eliminating risks but rather managing them and breaking from a silo view. This is the way to achieve successful accountability.

Daily Digest - Looking into the Future - Day Three

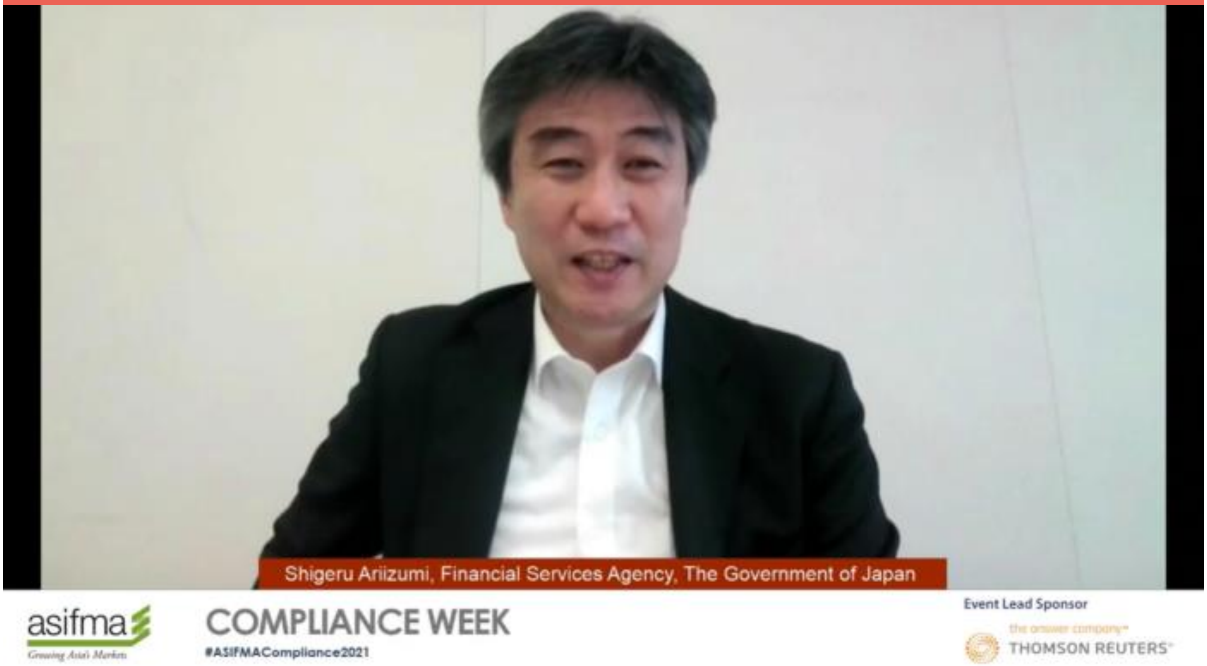
Opening Remarks - Todd Heythaler



Todd Heythaler, Vice President, Strategic Accounts, Smarsh, kicked off day 3 of ASIFMA Compliance Week by welcoming everyone to the day themed 'Looking into the Future'. In the last 24 months we have seen many challenges due to COVID-19's impact on the way we have been operating. Firms have been forced to rethink models of communication. There is no question that the way in which we operate is changing. We can see that we're able to thrive even when working remotely through collaborative platforms, and therefore compliance teams now need to monitor new evolving risks. With many solutions in the market to help tackle these challenges, compliance officers need to embrace new technologies and make use of data and AI to stay ahead. Todd concluded that we need to focus on what the role of compliance officers looks like in future, how we can use technology to reduce work load and explore how we can offer better training for employees.

Keynote: Raising Preparedness for the Next Era

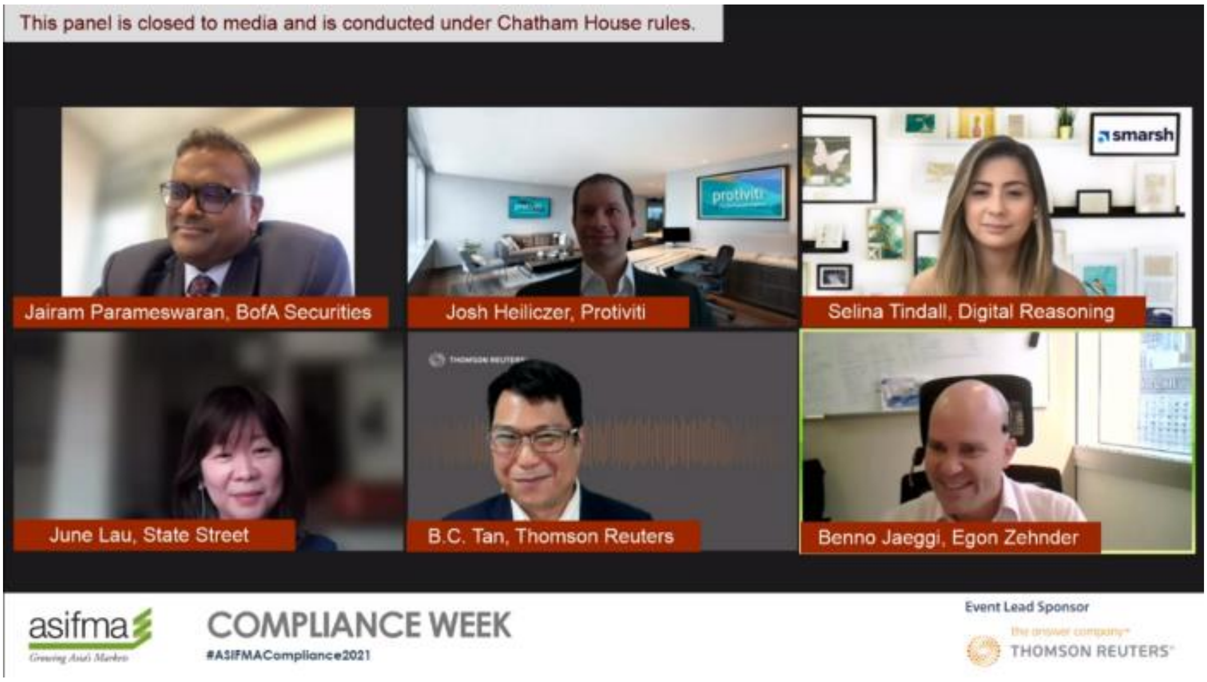
from the International Public Policy Perspective



Shigeru Ariizumi, Vice Commissioner for International Affairs, Financial Services Agency, The Government of Japan, introduced the G20 FMCBG Communique (July), delving into the implications of COVID-19, the resilience of the global financial system, digitalistation, and sustainable finance. Digitalisation is changing all aspects of our lives, businesses, and societies. Digitalisation promotes inclusiveness; however, it must be ensured that the benefits of digitalisation are not overshadowed by public policy. Strengthening cybersecurity has become a top priority of policy agenda, with the G7 publishing effective practices to promote cybersecurity.

Ariizumi shared insights on the key issues surrounding sustainable finance, with fulfilling fiduciary duties and transition finance on top of the agenda. Future work is needed on ESG ratings and data providers in particular. The JFSA are working with FIs towards developing transition and integration with sustainable opportunities through ensuring risk management with agility.

Panel 1 - Future-Proofing the Function of Compliance: Evolution, Upskilling, Diversity



Panel 1 reflected on how the role of compliance professionals has become 'sharper' over the last ten years. The traditional 'three lines of defense' are working closely together with the same goal in mind, this is fundamental to future-proofing the function of compliance.

Regulators are now more focused than ever on the thematic investments related to businesses and financial products which means that the level of interaction with firms has increased. We have seen a large uptake in the production of whitepapers and consultations across jurisdictions because of this.

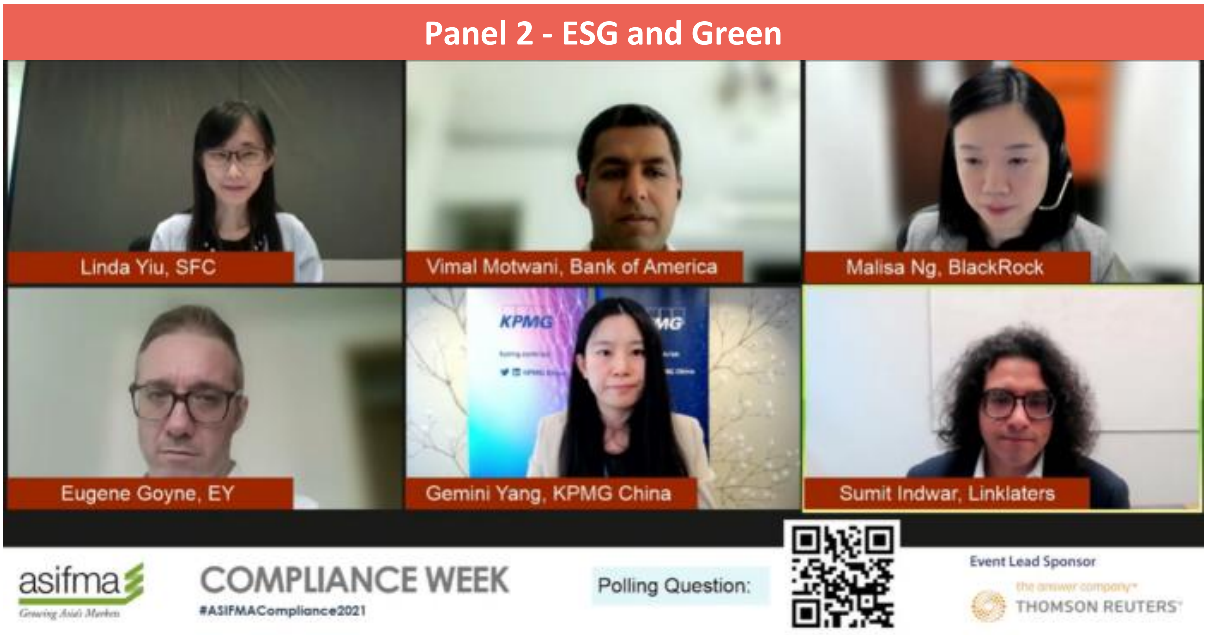
In 2021, compliance officers have faced many challenges and there are two notable factors which have led to changes in the mindsets of compliance officers in recent times:

1. Changing behaviours – compliance officers have had to drop their egos and listen to find common ground in ideas. Each conversation needs to be treated as a running opportunity; this requires a growth in communication skills for effective dialogues to take place.
2. Changing processes – having robust frameworks laying out the expectations of individuals with support from top management that have a view to understand how mindsets can evolve.

Panelists went on to look at the evolvement of the regulatory environment. There has been a transition from a rule-based world to a risk-based world. Compliance teams need to realign from a procedure focus to an outcome focus to be heard by top management. We are now at a crossroads with technology advancements providing a means to address new complexities.

The correct use of technology in compliance function is a key challenge, many people want to embrace it but they don't know which problems they need to solve. With the increased amount of data that is made available to banks and FIs, officers need to ask themselves what do you do with this information? On top of this, people need to break out of silos to fully utilize the opportunities that technology offers. Solutions such as cloud adoption is increasing. People still have doubts around this but fail to realize that they're already using this technology through common collaborative platforms. Solutions like this as well as AI, automation and robotics can enable us to do more for less, reducing workload. At the same time, the issues faced by compliance teams grow with chains of maturity with technology use. Traditionally emails and other written communication channels were simple to monitor where formal language is the norm. With the increased use of devices such as mobile phones and tablets, there are risks associated with voice and videos where people may be more casual and cannot retract what they say / share. This calls for intelligent surveillance mechanisms with collaboration with HR functions and other departments, again emphasizing the need to break down from silos.

The panel concluded with a final discussion on whether it is better to be a compliance specialist or generalist when looking to the future. Speakers agreed that both roles are equally important and transitions between both roles are possible. Rather than looking at the functionality of the roles and with the exponential growth in technology, our focus should be on how we can 'move up' to deal with more complex issues. Value comes when we collaborate and remove the noises that disrupt our operations.



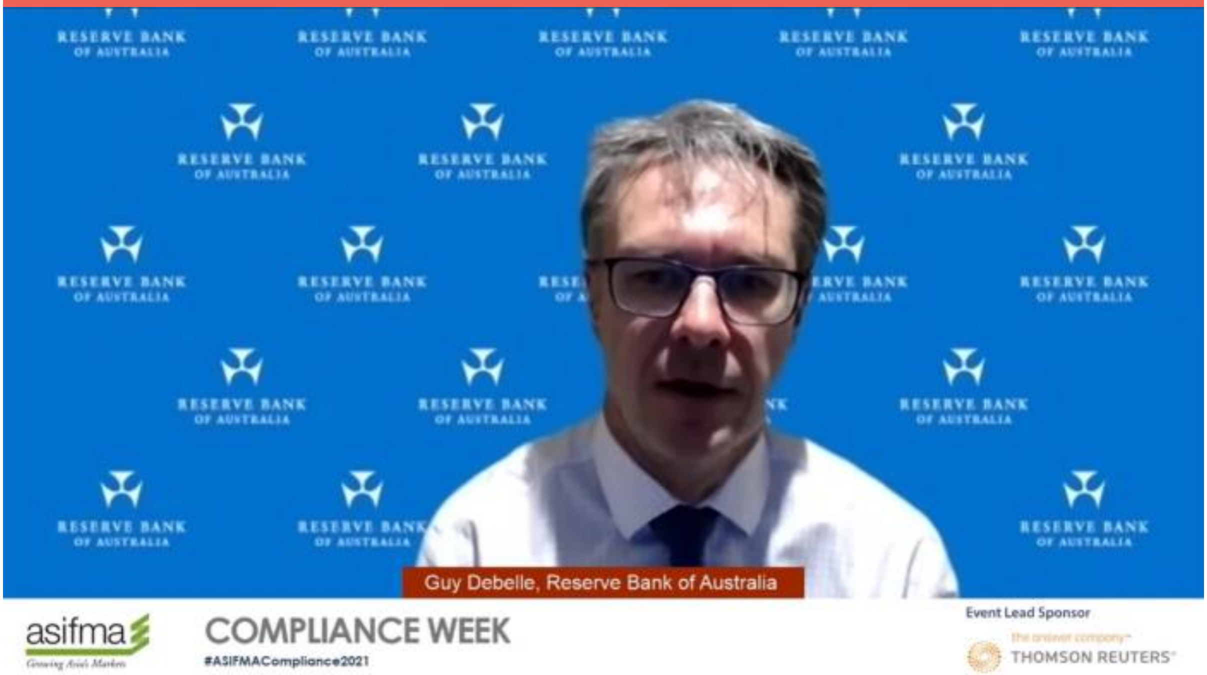
Panel 2 explored regulatory trends and risk management with a particular focus on climate. Clarity requirements and the lack of data were identified as the two key challenges to transitioning towards sustainable finance. The SFC has issued many requirements to address these issues, as there is a broad consensus that action needs to be taken from within the sector to address these. The SFC rules have come at an opportune time to facilitate the injection of certainty and consistency to enable the industry to scale up. Investors need comparable metrics to ensure adequate data on climate investing, as reflected in the SFC consultation.

With regard to supervisory expectations and challenges, there are rules in place which require banks to place oversight on climate risk resilience and for banks to embed climate risk into each of the existing risk types.

Fortunately, there is a high degree of alignment between jurisdictions with regards to models and taxonomies. However, challenges from a harmonization perspective remain.

In the retail space, asset managers play a big role for providing information on climate related risk and expected disclosures have been listed by the SFC. Greenwashing is a relevant issue, and it was agreed that education was the best way forward to manage such issue.

Closing Keynote: Priorities of EMEAP (Executives' Meeting of East Asia Pacific Central Banks) and Update on Global FX Code of Conduct



Guy Debelle, Deputy Governor, Reserve Bank of Australia gave a closing keynote speech on the priorities of EMEAP (Executives' Meeting of East Asia Pacific Central Banks) and an update on Global FX Code of Conduct. The speech touched upon two focus areas of EMEAP; sustainable finance and FinTech.

The central banks of EMEAP have been increasing their focus on sustainable finance for some time now. The main elements consist of; conducting climate risk assessments; taxonomies; developing green finance and lack of data.

On the topic of FinTech, EMEAP has been focusing on cross-border payments. Many EMEAP members have initiatives underway to improve cross-border payments, including collaborations with other EMEAP members. There have been discussions how EMEAP could best contribute to the G20 roadmap on enhancing cross-border payments.

Many EMEAP members are collaborating with the Bank for International Settlements (BIS) Innovation Hub and each other to develop bilateral and multilateral linking of real-time retail payments systems. This will reduce the reliance on existing cross-border banking arrangements. Examples of this are:

- Project Nexus provides a blueprint for scalable connectivity of countries' domestic fast payment systems, which will make cross-border payments faster, cheaper, easier to access and more transparent.
- The linkage of Singapore's PayNow and Thailand's PromptPay real-time retail payment systems.
- Project Dunbar, which involves the RBA, Bank Negara Malaysia, the Monetary Authority of Singapore, the South African Reserve Bank and the BIS Innovation Hub, whereby a prototypes of a common multilateral settlement platform are being developed that will enable international settlements with digital currencies issued by multiple central banks.

Debelle also talked about the recently completed review and update of the FX Global Code. This process was conducted for the code to remain current with the ongoing evolution of the FX market. It will continue to serve its important role of setting the standard for good practice. Debelle emphasized that it requires as market participants continue to reflect the principles of the Code in their activities in the FX market. Debelle concluded that we all have a strong common purpose in ensuring that the FX market continues to operate effectively and with integrity.

Daily Digest - Technology and Innovation - Day Four

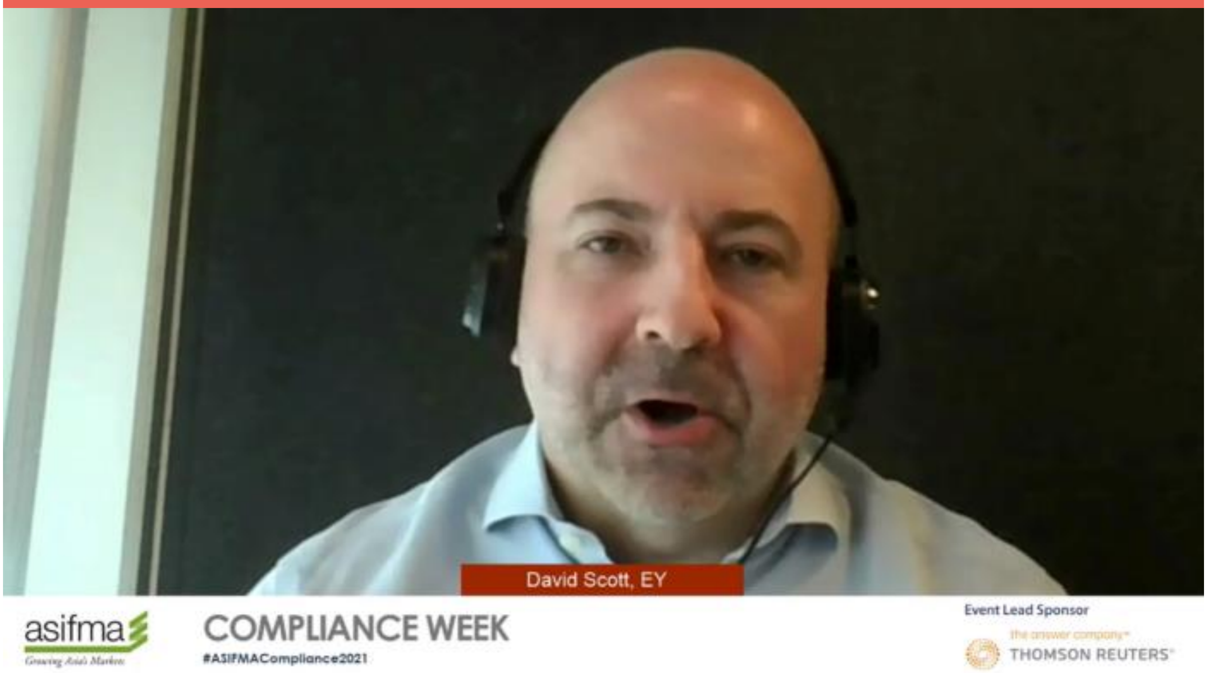
Welcome Remarks

The final day Compliance week focused on Technology and Innovation. We invited industry experts to share their insights on RegTech adoption and SupTech as well as managing risks and crisis management when dealing with social media.

We would like to thank our event lead sponsor Thomson Reuters for their efforts promoting and supporting the ASIFMA Compliance Week 2021. We would also like to share our gratitude to everyone for attending this multi-day event.

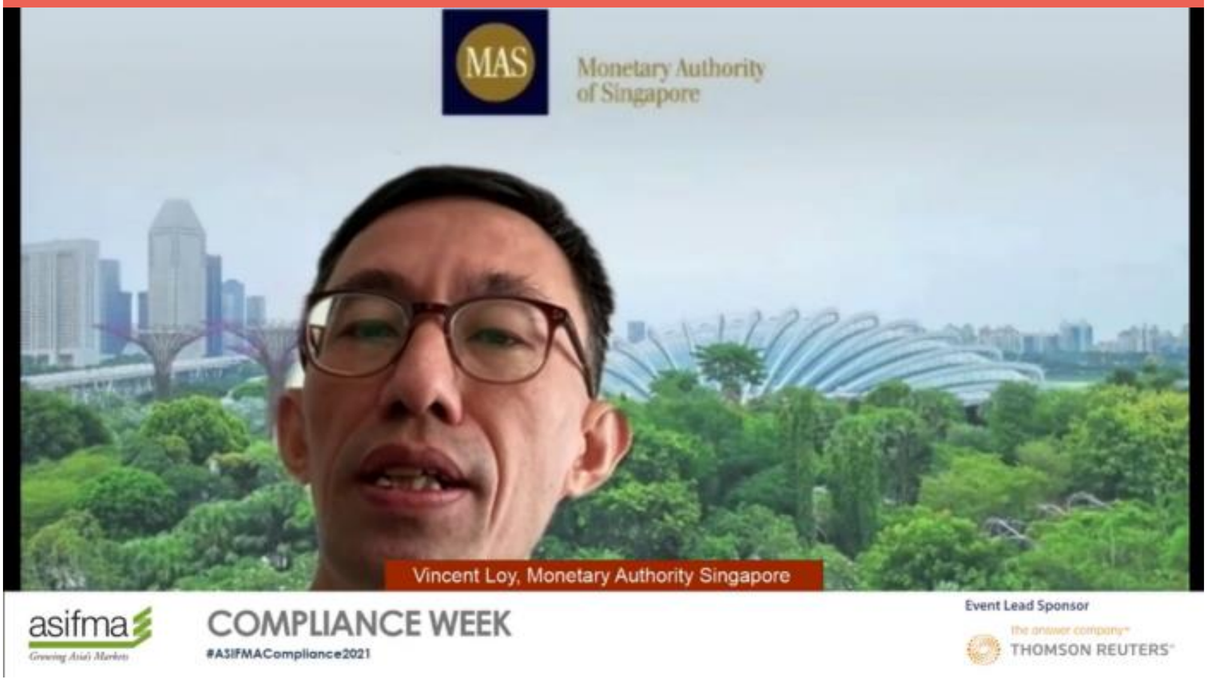
A replay of the event will be available for all registrants. More details will be provided by email next week.

Opening Remarks - David Scott



David Scott, Partner and Asia-Pacific Financial Services Risk Management Leader, EY, kicked off the final day of compliance with compliments to the engaging conversations throughout the week. The discussions have resonated with the key priorities that we are currently experiencing as well as those we perceive in the future. The theme of the day is technology and innovation, an exciting topic that is one of the biggest challenges faced by compliance functions in industry. On the other hand, the speed of transformation and emerging risks in the market present an opportunity for financial institutions and capital markets to benefit from the development of new skills and capabilities.

Keynote 1 - Vincent Loy



Vincent Loy, Assistant Managing Director (Technology), Monetary Authority Singapore (MAS), discussed the growing role of technology which has been playing in financial institutions. Over the last 18 months under the COVID-19 pandemic, it demonstrated that the digital and innovative financial institutions have made better performances. Cloud is going to play a big role in financial institutions, as the benefit of cloud potentially brings many benefits, including better resilience. COVID-19 demonstrated the importance to adapt to changing circumstances. Cloud offers varied services such as platform, infrastructure and software. Each service has its individual risk profiles, while most of the incidents related to cloud occur as roles have been unclear and there is need for financial institutions to coordinate more with the cloud providers.

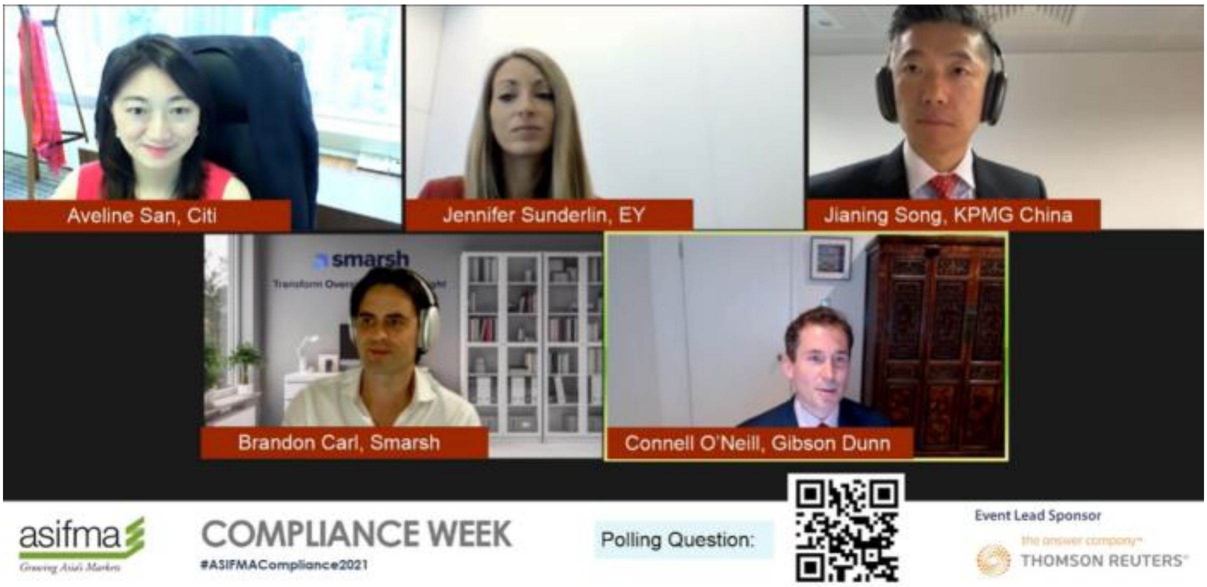
MAS have recently issued guidance in terms of cloud computing. The guidance should be read in conjunction with the existing MAS guidance such as the guidelines on risk management strategies to mitigate the risks associated with the different cloud services. MAS are working with regulators to look at how they can have oversight over cloud providers as the use of third-parties is important to financial institutions and is here to stay.

Keynote 2: How an Informant and a Messaging App Led to Huge Global Crime Sting - Nathan Lynch

Nathan Lynch, Asia-Pacific Manager, Regulatory Intelligence, Thomson Reuters, presented a keynote on How an Informant and a Messaging App Led to Huge Global Crime Sting. Lynch shared a case study on 'Operation Ironside', where U.S. and Australian authorities built and covertly released an app used by more than 300 global crime gangs. The audacious scheme allowed them to sit "in the back pockets" of 12,000 criminals around the world, reading millions of encrypted messages, leading to more than 800 arrests of suspected organised crime figures.

This case highlights that the financial crime threat landscape is continually evolving, and technology is a double-edged sword. For authorities, there is a huge focus on profit-motivated crime, both in following the money and seizing the proceeds. Financial market participants in every major economy are part of this fight under the AML/CTF regime. Capital markets and securities firms have a crucial role to play in keeping our societies and economies safe. Compliance teams need to use their creativity, intellect, teamwork and public-private partnerships to succeed. In this complex world, success relies on being prepared to operate differently, taking calculated risks and embracing 'strategic, innovative, complex investigative work'. From compliance perspective, effective AML/CFT work provides a range of corporate benefits. In a world of heightened enforcement, companies need to be ready to show regulators that they are willing and committed partners in the fight against serious and organised financial crime.

Panel 1 - RegTech Adoption and SupTech

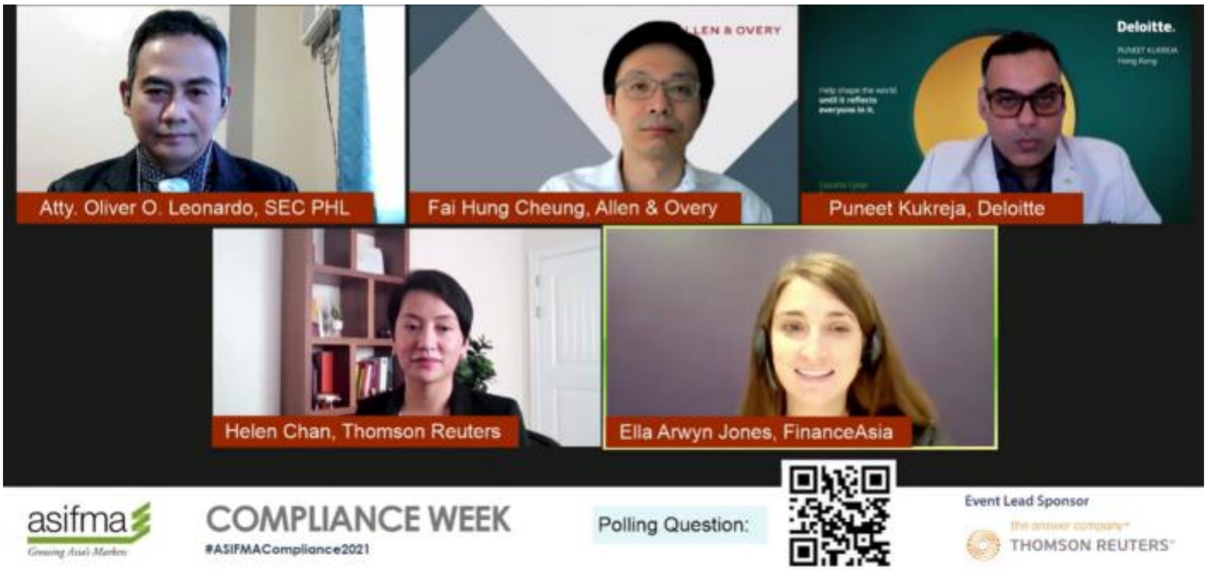


Panel 1 focused largely on RegTech adoption in financial institutions. The industry has evolved in terms of RegTech adoption and is more about bringing predictive analytics now. It is estimated that in 2026, the RegTech industry will break 18.8 billion USD, and 42% of institutions have already started significant initiatives in terms of RegTech. However only 10% of institutions have highlighted that they have received a budget for RegTech for the next 3 years.

AI and big data are becoming very prevalent in the financial industry, and ensuring proper governance remains a key challenge. There is a need to identify key risk indicators accurately, however, effectiveness is limited by data source. RegTech and SupTech will likely make regulatory compliance easier, while raising the bar higher. SupTech is a bit ahead of RegTech in terms of development and adoption, though efforts must be made to keep them interlinked. Financial Institutions are under pressure to develop predictive capabilities considering that regulators now have with SupTech and more timely identification of issues is expected.

The first step for adoption is to raise awareness through education opportunities such as briefing sessions and hackathons. The biggest blocker to RegTech adoption is trust. Privacy, security of data, explainability, and human intervention capability are keys to overcoming barriers of trust.

Panel 2 - Social Media: Managing Risk, Crisis Management



Panel 2 focused on social media, managing risk, and crisis management. Speakers shared how the modes of dissemination have evolved with individuals carrying multiple devices to communicate, causing the speed of information spread to grow exponentially. Given the current scale and control of information platforms, disinformation can transcend borders and affect multiple jurisdictions. In some cases, the impact might be felt primarily outside of the market where the information came from.

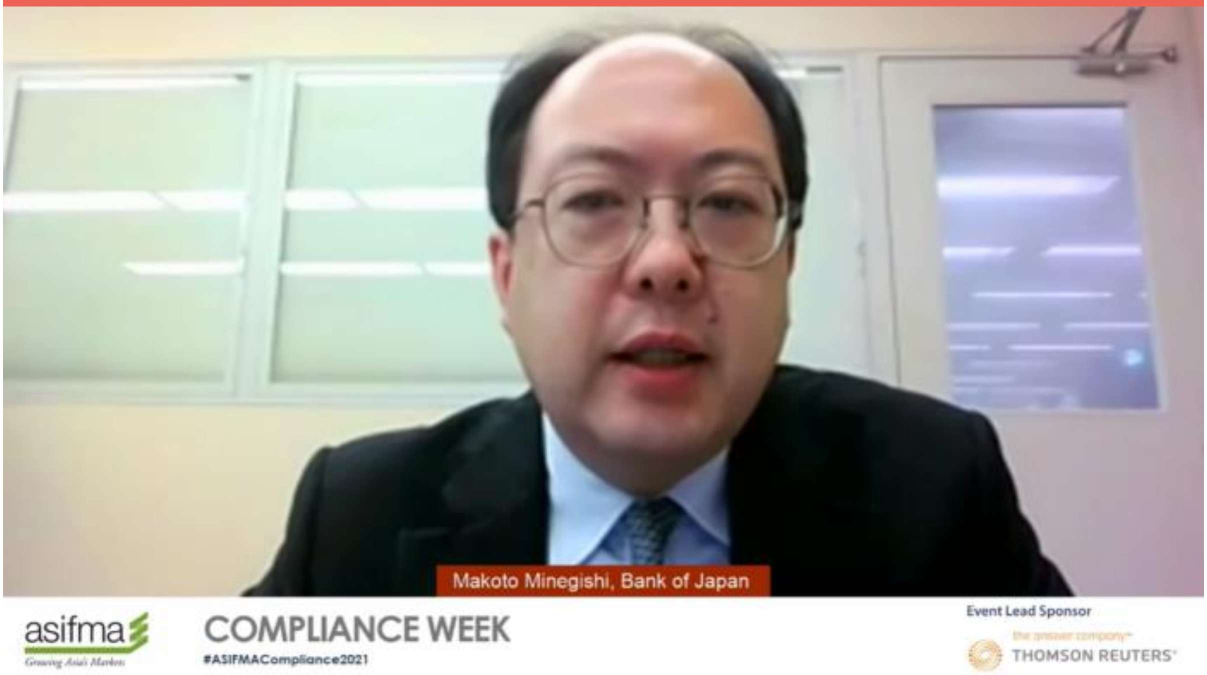
Panelists shared examples of how businesses and regulators have responded to threats, from outsourcing operations to third-parties, blockchain solutions such as non-fungible tokens (NFT), and recent ‘ramp and dump’ schemes. Firms must not neglect these threats; dramatic share price fluctuation is one example of the potential consequences. Ponzi schemes, pyramid schemes and the challenges posed by cryptocurrency activity are calling for effective due diligence practices to combat the fraudulent schemes growing at alarming rates across social media modes. ‘Debunker campaigns’ is growing in popularity as a form of crisis management across platforms where companies are addressing concerns of customers due to misinformation.

Panelists went on to focus on how firms are tackling the need to enable various remote office communication platforms while ensuring they are compliant with data and confidentiality policies. This is evident through the engagement of tighter technology and compliance controls to ensure privacy and protection of data. When firms encounter issues such as data breaches, it is imperative that robust business continuity plans and recovery mechanisms are in place. There are many frameworks and guidelines issues by regulators and industry bodies to support firms develop these plans.

Separating the use of personal/private devices and business devices (mobile phones/tablets) is a clear and effective way to mitigate the challenges posed by content platforms such as privacy, misinformation, unlawful content, and takedowns. Sound company guidelines and measures clearly communicated to staff frequently can help to ensure that sensitive information is properly managed and monitored. In addition, firms should examine how third-parties are connecting to their networks and the threats they pose. Firms need to adopt a conscious investment mentality when implementing control measures.

It was noted by speakers that, with the emergence of anti-doxing laws across regions, firms are facing challenging times in this evolving landscape where matters are continuing to be complex. Through effective reinforcements, training, support from regulators, law enforcement, and robust due diligent practices, firms can become well equipped to navigate the uncertain times.

Closing Keynote - Makoto Minegishi



Makoto Minegishi, Deputy Director-General, Financial System and Bank Examination Department, Bank of Japan, explored the implications of technology on financial stability, the importance of resilience, digital transformation (DX). Global financial systems have largely weathered the COVID-19 shock, and post-crash reforms have led to greater resilience. This was supported by swift policy measures. Digital information is swiftly processed and communicated, and the way it is being done so is constantly improving. With such low costs, transactions can virtually be made from anywhere. With increasing DX, competition with existing banks and non-banks may intensify promoting lower costs and declines in commission income. DX has the potential to disrupt the financial system and it is important to ensure a fair and competitive environment. DX also has the ability to provide economies of scale and economies of scope.

DX in the form of artificial intelligence has been effective in terms of AML. However, it has been identified that there are still cases where the human brain is more capable than AI systems. Technological innovation comes with a strong potential of opportunity, though downside risk must be limited.